



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

AUG 23 2002

FIRST CLASS MAIL

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D. Jeffery Haffner, Esq.
Tesoro Petroleum Companies, Inc.
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Re: United States, et. al. v. BP Exploration & Oil, et. al., Civil Action No. 2:96 CV
095 RL (N.D. Ind., August 29, 2001) – Response to March 12, 2002 and April 26,
2002 reports on the February 10, 2002 Flaring Incident - Mandan Refinery

Dear Sirs:

The United States Environmental Protection Agency ("EPA") is in receipt of the March 12, 2002 and April 26, 2002 reports on the February 10, 2002 flaring incident at the Tesoro Mandan Refinery. EPA has reviewed the incident report to ascertain if Tesoro's root cause analyses and any corrective actions proposed and/or completed by it regarding the results of such analyses conform to the Consent Decree requirements.

Tesoro reports that the February 10, 2002 flaring incident occurred for a period of 46 minutes, caused the release of 0.3 tons of sulfur dioxide (SO₂) to the atmosphere, and that its root cause was a severe bounce in the FA-251 fractionator reflux accumulation drum on the combination unit attributable to either "a malfunction or improper operation of the level controller on FA-251 drum water boot." EPA understands that this eventually led to fluctuations in the level of FA-156 – a sour water stripper flash drum. As with regard to the December 10, 2001 flaring incident, the level fluctuations in FA-156 caused a pressure surge from the sour water stripper, which in turn caused a high level of hydrocarbon carryover resulting in unreacted H₂S in the SRU. As a consequence, the SRU was shutdown to avoid an incinerator flame-out and a potentially dangerous release of H₂S. In EPA's view, although the liquid level fluctuations

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in FA-156 were caused by an upstream process upset, the root cause of the flaring incident was the system's inability to handle these level swings without shutting down the SRU. This is the same root cause as the December 10, 2001 flaring incident. Accordingly, EPA again recommends that these systems be upgraded and that Tesoro retain an outside consultant to aid in this upgrade project.

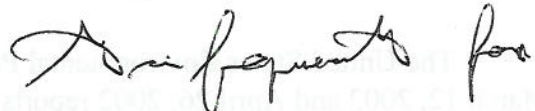
In the April 26, 2002 letter, Tesoro states that the root cause of the flaring incident was not from one of the causes listed in Subparagraph 22.C.i.a. EPA disagrees. This flaring incident resulted from a pressure surge due to high flow from the sour water stripper as specified in Subparagraph 22.C.i.a.4.i. Consequently, in accordance with Paragraph 47.A of the Consent Decree, Tesoro is subject to stipulated penalties in the amount of 150.00 [\$500 x 0.3 tons] as provided for in Paragraph 22.C.i.a.4.i. Therefore, please consider this letter a written demand for stipulated penalties in the amount of \$300. Payment of the foregoing amount should be made consistent with the requirements of the Consent Decree. EPA agrees that this was the second flaring incident since the effective date of the Consent Decree and the second in a twelve month rolling period.

\$150.00

Lastly, paragraph "h" of Tesoro's April 26, 2002 letter states that the corrective actions identified above are not completed, but are scheduled for completion by August 1, 2002, and a follow-up report will be submitted within 30-days of completion of the identified corrective actions. EPA anticipates receiving this report designating completion of the corrective actions for this flaring incident.

Should you have any questions or if you wish to discuss this matter, please do not hesitate contacting Scott Whitmore of Region 8 (303-312-6317) or Patricia McCoy, Technical Lead, (312-886-6869).

Sincerely,



Bruce C. Buckheit,
Director
Air Enforcement Division

cc: R.D. Binagar,
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